

JUNE 2022
MONTHLY UPDATE

Evolve Metaverse ETF

MESH provides investors with an actively managed diversified portfolio of companies involved in the development of the metaverse.

TSX
MESH

ETF TICKER: MESH (HEDGED)

Investment Thesis: The metaverse is an immersive next-generation digital universe with vast opportunities in the software, VR/AR hardware and virtual platforms involved in its development.

GENERAL INDUSTRY UPDATE

Interest in the Metaverse surged in October 2021 after Facebook rebranded itself as Meta. The name change reflects the company's evolution beyond social media to augmented reality (AR), Virtual reality (VR) and mixed reality (MR), collectively known as extended reality, or XR.

Proponents of the Metaverse and the idea of an immersive, interconnected, multinational digital world where people interact using AR and VR believe it will positively impact all aspects of society: employment, healthcare, education, gaming and entertainment, travel, the arts, business, social and civic life, and beyond.¹

Over the coming years, it seems unlikely that people would choose to interact with a 2D Internet when they could instead be immersed with the most realistic 3D AR/VR content. By 2026, it's believed that 25% of people will spend at least one hour in the Metaverse and 30% of global organizations are expected to have products and services ready for the Metaverse.²

This helps explain why technology innovators, businesses, and analysts are so bullish on the Metaverse and its long-term potential. In 2021, the Metaverse was valued at \$39.25 billion. By 2030, the Metaverse is expected to be worth \$993.86 billion, expanding at a compound annual growth rate (CAGR) of 43.2%.³



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COMPANY SPECIFIC UPDATES



Source: thecoinrepublic.com

Tencent Holdings Ltd

Tencent Holdings Ltd, which is held by the fund, has formed an extended reality (XR) unit as it looks to enhance its position in the Metaverse and the idea of virtual worlds. The new unit is being tasked with building the company's XR business for both software and hardware.⁴

The unit will eventually have a staff of over 300, which is sizeable since Tencent has been cutting costs and slowing down its hiring.

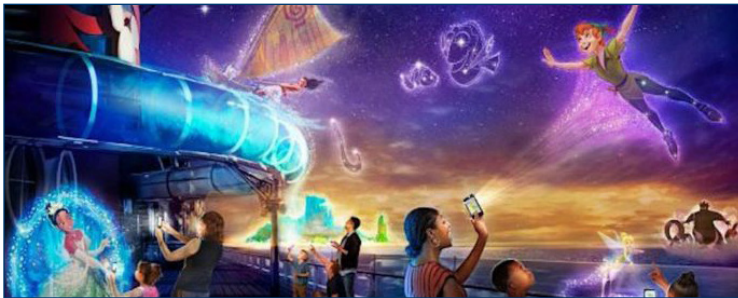


Source: Datanami.com/source: Shutterstock

Meta Platforms Inc

Meta Platforms, which is also held by the fund, has a new AI model that can translate 200 different languages, including many that are not supported by current translation systems. The company calls its translation system "No Language Left Behind" and hopes it will help enable more than 25 billion transactions across Meta's apps every day⁵

This technology will help billions of people around the world to communicate with each other, equalize access to immersive experiences in virtual worlds, and conduct transactions.



Source: Mickeyblog.com/disneymetaverse

The Walt Disney Company

The Walt Disney Company, which is held by the fund, is making waves in the Metaverse. The company recently announced it is backing six start-up companies, all of which are involved in immersive experiences and technology.⁶

Disney provides the companies with capital, workspace at its offices, and access to business executives and business opportunities.

Participants in this year's Disney Accelerator program include Inworld, a company that allows users to create interactive, AI characters for immersive experiences; Obsess, which helps brands create 3D virtual stores on their website and the Metaverse; and Polygon, a scalable blockchain network that allows developers to build Web3 experiences.



Source: Boardroom.tv/nike

ROBLOX Corp

ROBLOX Corp, which is also held by the fund, has been called a "young tech powerhouse." The Roblox community includes 50 million daily active users, 3 million creators, and over 3,000 paid developers.⁷

It's already a leader in the world of virtual fashion. In November 2021, Nike acquired virtual-sneaker outfit RTFKT and partnered with Roblox to create its immersive Nikeland.^{8,9}

And on July 12, Karlie Kloss, one of the world's top supermodels, announced she partnered with ROBLOX to launch the Fashion Klossette Designer Showcase with five pop-up stores to promote her virtual apparel. The stores ran from July 12 through July 25, each filled with virtual fashion pieces.¹⁰

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3. "Metaverse Market to Surpass US\$ 993.86 Billion by 2030, Says The Brainy Insights," The Brainy Insights, July 12, 2022; <https://www.prnewswire.com/news-releases/metaverse-market-to-surpass-us-993-86-billion-by-2030--says-the-brainy-insights-301584352.html>.
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